

Red Tape Reduction and Small Business Job Creation Act

Prepared by the Office of Majority Leader Eric Cantor

THE PROBLEM

Since taking office, the Obama Administration has under review over 400 regulations [classified](#) as “economically significant” and defined as “likely to have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy...” Combined, “...both the rule-making rate and number are surging to even higher levels under Mr. Obama.” (WSJ, 12/15/11)

So far [this year](#), the Federal Register—where regulations are published—has run 41,662 pages. Regulations that have been published would cost \$56.6 billion and result in paperwork that would take 114.1 million hours to complete, or over 13,000 years working 24 hours a day and seven days a week.

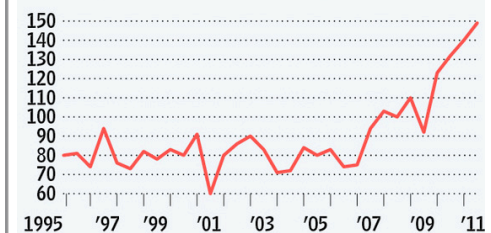
The Dodd-Frank law has produced regulations with more than \$7 billion in direct costs. According to one [estimate](#), the law would require 26,500 individuals working full-time just to complete the paperwork.

To date, ObamaCare has [resulted](#) in regulations that have imposed an estimated \$17.1 billion in private-sector burdens, approximately \$7.2 billion in costs to the states, and 59.2 million annual paperwork hours. For example, “Next year the number of federally mandated categories of illness and injury for which hospitals may claim reimbursement will rise from 18,000 to 140,000. There are nine codes relating to injuries caused by parrots, and three relating to burns from flaming water skis.” (The Economist, 2/18/12)

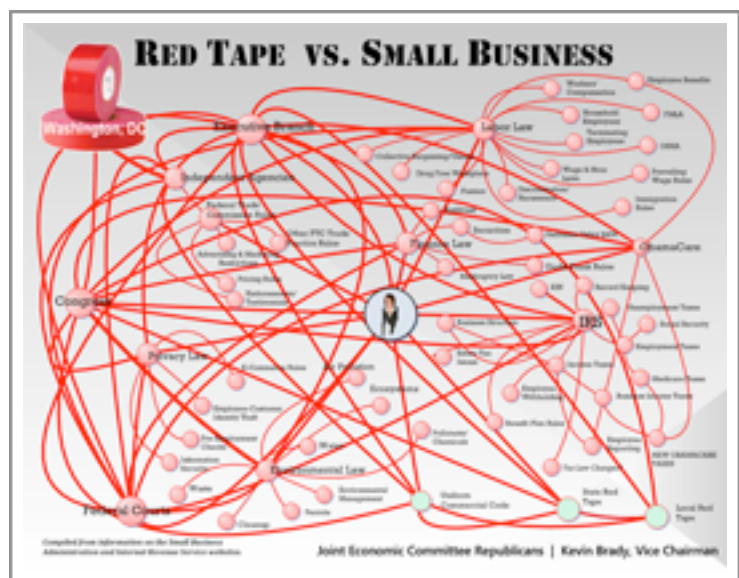
Small businesses, [as illustrated by JEC Chairman Kevin Brady](#), are particularly entangled by this regulatory onslaught. In fact, the Small Business Administration released a [study](#) indicating that per employee, small businesses face regulatory costs 36% higher than large businesses, contributing to a recent ranking of regulations that found that “...it’s now easier to start a business in Slovenia, Estonia and Hungary—three former Iron Curtain countries—than in America.” (IBD, 6/18/12)

Rising Regulation

The number of economically significant rules (costing more than \$100 million a year) in the prerule, proposed or final stages, published each fall and spring in the federal Unified Agenda



Source: Unified Agenda, Regulatory Information Service Center



(CONTINUED ON THE BACK...)

THE SOLUTION

The Red Tape Reduction and Small Business Job Creation Act (H.R. 4078) is a compendium of proposals that would:

- Impose a freeze on economically significant regulations that harm the economy until unemployment reaches 6% or below. By [one estimate](#) this freeze could save at least \$22.1 billion and thousands of jobs. (Sponsored by Rep. Tim Griffin)
- Permanently prevent “lame duck” administrations from issuing economically significant regulations. Since 1948, in situations when control of the White House has switched to the opposite party, the volume of [regulations](#) promulgated by the outgoing Administration during the lame duck period (between election day and inauguration day) has averaged 17 percent higher than the volume of rules issued at the same time in any other year. (Sponsored by Rep. Reid Ribble)
- Ensure that impacted parties have a right to intervene before federal agencies agree to binding legal settlements that require them to issue new regulations. One of the worst regulatory abuses is the tactic of exploiting judicial consent decrees or settlement agreements to force regulators to issue new regulations. Regulatory agencies often use these decrees and settlements so they can issue expensive new regulations while claiming that they were forced into it by the courts. Even the House’s leading Democrat on the Agriculture Committee, Collin Peterson, has [complained](#) about the abuse of “sue and settle” tactics by federal agencies. (Sponsored by Rep. Ben Quayle)
- Require independent federal agencies such as the FCC and NLRB to comply with the same regulatory review requirements as other agencies and require increased transparency with respect to unfunded mandates that are imposed on state and local governments. President Obama’s Jobs Council has [recommended](#) similar proposals to increase transparency and require independent regulatory commissions to perform cost-benefit analyses. (Sponsored by Rep. Virginia Foxx)
- Create a streamlined process for consideration of federal permits for construction projects. The U.S. Chamber of Commerce [discovered](#) over 350 energy projects that were stalled by red tape, which, if regulatory impediments were removed, could “generate a \$1.1 trillion short-term boost to the economy and create 1.9 million jobs annually during construction, plus \$145 billion in economic benefits and 791,000 jobs during operations once the projects are built.” Last October, President Obama’s Jobs Council [recommended](#) that reforms be undertaken to streamline the federal permitting process. (Sponsored by Rep. Dennis Ross)
- Require both the SEC and CFTC to conduct more thorough cost-benefit analyses of proposed regulations. In 2011 the SEC and CFTC had over 100 rules in various stages of development. Requiring cost-benefit analyses by these types of agencies was one of the [recommendations](#) of President Obama’s Jobs Council. (Sponsored by Reps. Scott Garrett and Mike Conaway)